

APPROVED
under the Resolution of the Board of
Directors
of “Rosseti Lenenergo”, PJSC
of October 21, 2021
(Minutes No. 17 of October 22, 2021)

“ROSSETI LENENERGO”, PJSC

**Dividend Policy
(amended and restated)**

Saint Petersburg
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1. GENERAL PROVISIONS

- 1.1. This Dividend Policy (this “(Dividend) Policy”) of “Rosseti Lenenergo”, PJSC (the “Company”) is its internal corporate document. The Policy was developed based on the effective Russian law, Company Articles of Association and its other internal documents.
- 1.2. The Dividend Policy contains the complete system of the Company’s principles and methods for determining the proportion of dividend to the Company’s capitalized earnings, and of its principles and rules with respect to the dividend payment terms, conditions and timeframes and regarding the Company’s obligation to pay out dividend.
- 1.3. The Dividend Policy’s underlying principle is to meticulously respect the shareholders’ rights as prescribed by the effective Russian law and the Company Articles of Association and other internal documents. The purpose of the Policy is to boost the Company’s appeal to investors and its market capitalization.
- 1.4. This Policy sets out main dividend arrangements in order to bring about a transparent mechanism for calculating dividend and regulating payouts, to make and keep shareholders and other stakeholders aware of the Company dividend policy, and to set the conditions for deciding payouts and announcing a dividend, as well as dividend calculation and payout terms including the timeframes, location and methods, and also to define the Company’s liability in case of failure to pay out dividend.
- 1.5. The terms and definitions used in this Policy have the meanings defined in the Russian companies and securities law.

2. UNDERLYING PRINCIPLES

- 2.1. This Policy’s underlying principles are to:
 - Ensure compliance of the Company’s dividend calculation and payout practices with the Russian law and corporate governance standard (Russian Government’s Executive Order No. 1094-p of May 29, 2017)
 - Achieve a balance of the stakeholders’ interests and the Company’s own interests;
 - Set the minimum cap for calculating dividends at fifty or more percent of the Company’s reported IFRS net profit (including its net profit reflected in its consolidated statements) calculated as described herein;
 - Ensure that dividend payouts can be made on a quarterly basis, if the applicable criteria are met;
 - Make sure that the dividend calculation and payout mechanism is as transparent (clear) as possible;
 - Make sure that the dividend size increases over time if the Company’s net profit continues to grow;
 - Ensure that dividend policy arrangements are available to the Company shareholders and stakeholders;
 - Maintain the required financial position of the Company and the characteristics of its assets (by implementing the investment program) and make sure that the Company has strong development outlook;
 - Pay a common dividend only when the preferred dividend has been fully paid out as regulated by the Company Articles of Association.

- 2.2. The Board of Directors (“Board”) will determine the recommended dividend based on the Company’s profit or loss.

3. DIVIDEND PAYOUT

- 3.1. After every first quarter, six months, nine months and/or a fiscal year, the Company may opt to decide to pay out (announce) dividends on its outstanding shares unless otherwise prescribed by the Federal Law *On Companies*. Within three months following the end of the first quarter, six months and/or nine months within a fiscal year, the Company may decide to pay out dividend after a respective period.

- 3.2. The Company may not decide to pay out/announce dividend unless:

- It has paid up 100% of its authorized capital;
- It has redeemed all stock redeemable under Federal Law On Companies (Article 76);
- It may not be considered bankrupt (insolvent) under the Russian bankruptcy (insolvency) law, or unless it is not to be considered bankrupt (insolvent) after paying out the dividend;
- Its net asset value (NAV) is not lower than its authorized capital and the reserves and the difference between the nominal and liquidation value of the Company’s outstanding preferred stock (in case there is any such outstanding preferred stock, with such liquidation value specified in the Company Articles), or unless it is not to become lower as specified above due to deciding to pay out the dividend;
- Any other case occurs when dividend may not be paid out/announced under the Russian law.

- 3.3. If the Company decides to pay out interim dividend on its shares, it will make sure that such payout does not require money to be borrowed from third parties and/or that it does cause to be lowered the Company’s credit rating prescribed by the Company’s Borrowing Policy approved by the Board of Directors and/or that it does not prevent carrying out the Company’s investment program approved as prescribed by the Russian law.

- 3.4. The Company may not pay out dividend on its shares if:

- As of the payout date, the Company is considered bankrupt (insolvent) under the Russian bankruptcy (insolvency) law, or if it is to be considered bankrupt (insolvent) after paying out the dividend;
- As of the payout date, its net asset value (NAV) is lower than its authorized capital and the reserves and the difference between the nominal and liquidation value of the Company’s outstanding preferred stock (in case there is any such outstanding preferred stock, with such liquidation value specified in the Company Articles), or if such net asset value is to become lower as specified above due to deciding to pay out the dividend;
- Any other case occurs when dividend may not be paid out/announced under the Russian law.

Once any the above circumstances cease to exist, the Company will pay the announced dividend to the shareholders.

- 3.5. For the purposes of distributing the year’s profit or loss (including by paying out/announcing dividend), the amount of profit distributed as dividend after the year’s first quarter, six months and nine months will be deducted from the portion of the net profit payable as dividend and calculated as described herein.

- 3.6. The amount of profit distributed as dividend after the year’s first quarter (and six months) will be deductible from the portion of the net profit payable as dividend and calculated as described herein.

4. DIVIDEND SIZE

- 4.1. Under the Russian law, a dividend is paid out of the Company’s net income after taxes (net profit) calculated under the current (financial) accounting and reporting rules and distributed among shareholders in proportion to their shares of stock of a relevant type/class.
- 4.2. The proposed dividend will be proposed by the Company’s Chief Executive Officer to the Company Board and will be decided by the Company Board.
- 4.3. The size of the stock dividend will be decided by the General Meeting and may not be greater than the dividend size proposed by the Board.
- 4.4. The size of a dividend per ordinary share (DPS) will be calculated by dividing the total ordinary stock dividend allocated by the number of the Company ordinary shares subject to the dividend payment rights under law.
- 4.5. The size of a preferred dividend per share will be calculated using the relevant Company procedure and based on the issue documents.
- 4.6. The year’s dividend will be paid out if the conditions described in Section 3 hereof and the two conditions below are met.
- The Company has net profit as recorded in the Company’s (financial) statements prepared under the Russian Accounting Statements (RAS) for the year;
 - The Company has net profit as recorded in the Company’s RAS (financial) statements for the year before adjustment due to revaluation of the companies’ outstanding stock.
- 4.7. The portion of a year’s profit allocated as dividend will be calculated based on the Dividend Calculation Guidelines using the formula below:

$$\mathbf{DIV} = \mathbf{\max \{DIV1; DIV2\}} - \mathbf{DIV_{INT}},$$

where:

DIV is a total portion of the net profit allocated as common and preferred dividend;

DIV_{INT} is the amount of the dividend for the first quarter, six months and nine months of a given year;

DIV1 is the dividend calculated based on the Company’s net profit as recorded in the Company’s RAS (financial) statements for the year; and

DIV2 is the dividend calculated based on the Company’s net profit as recorded in the Company’s (financial) statements for the year prepared under International Financial Reporting Standards (IFRS);

DIV2 may not be greater than the net profit as recorded in the Company’s RAS (financial) statements for the year before adjustment due to revaluation of the companies’ outstanding stock and respective income tax (corporation tax) reassessment, allocation of reserves and other allocations and payments as set out in the Company Articles of Association.

- 4.8. An interim dividend payment will be subject to provisions of clauses 3.3. and 4.6. above and to the Dividend Calculation Guidelines.

- 4.9. The conditions and methods for calculating the Company dividend are described in the Annex hereto. The figures used for calculating the dividend are submitted as part of materials for the meetings of the Company’s governing body (Board) held to decide on the Company stock dividend size, apportioning and payment for a given period.

5. DIVIDEND DECISION

- 5.1. The General Meeting is responsible for deciding to pay out (announce) dividend, including deciding on the size of the dividend on each type/class of shares, dividend payment method, non-cash payment procedure, and the date of determining the eligibles (persons entitled to dividend) that may only be set based on the Board’s proposal.

- 5.2. The dividend decision in respect of outstanding shares for a given year will be taken by the Annual General Meeting upon discussion as a separate item (with separate discussion items identified for the preferred and common dividend in case the Company has offered preferred stock).

The dividend decision in respect of outstanding shares for a given year’s first quarter will be taken by the Annual General Meeting upon discussion as a separate item (with separate discussion items identified for the preferred and common dividend in case the Company has offered preferred stock).

The dividend decision in respect of outstanding shares for six or nine months of a given year’s will be taken by the Annual General Meeting upon discussion as a separate item (with separate discussion items identified for the preferred and common dividend in case the Company has offered preferred stock).

- 5.3. The Board’s proposal and General Meeting’s resolution approving dividends will specify:

- stock type and share class
- dividend per share in respect of each type and class
- payout procedure, methods and timeframe
- payout type (cash/non-cash)
- List of Eligibles date

- 5.4. The dividend decision in respect of Class A Preferred Stock will be taken by the majority of voting shareholders attending the meeting, with Class A Preferred Stock Holders’ not counted for calculating the quorum for deciding on this item, nor for tallying the “for”, “against” or “abstained” votes.

- 5.5. The dividend decision will be passed unless there are legal restrictions or limitations preventing the payout/declaration of the dividend.

6. ELIGIBLE SHAREHOLDERS AND PERSONS

- 6.1. The List of Eligibles date will be proposed by the Board and set by the General Meeting based on such proposal. Such date may not occur earlier than ten (10) days after the dividend decision or later than twenty (20) days after such decision.

- 6.2. The List of Eligibles will be made by the Company’s Registrar as instructed by the Company.

- 6.3. The following persons will qualify and be listed as Eligible Payees:

- shareholders that are the Company’s registered shareholders as of the List of Eligibles date

- other persons (pledgeholders, trustees, etc.) who were assigned the title to the shares (unless otherwise agreed with a shareholder) and who are recorded in the Company’s Register as of the List of Eligibles date
 - nominee holders acting on behalf of shareholders and recorded in the Company’s Register as of the List of Eligibles date
- 6.4. If shares are held jointly by more than one person, all such holders will be listed as Eligible Payees.
- 6.5. The information about the dividend payout method will be contained in the registered (nominee) holder or other registered person’s information form. And shareholders will make sure that the new information is accurate if a registered person’s details need to be updated.
- 6.6. In order to properly implement the shareholder’s dividend rights, the Company will use its best efforts to make it mandatory for the Registrar to make sure that the payee/registered persons’ details and information about the payout methods specified in the List of Eligibles are the same as currently recorded in the Company’s Shareholder Register and penalize the Registrar for a failure to do so.
- 6.7. If the Registrar makes changes to the List of Eligibles, the Company may request the Registrar to explain why such changes have been made.
- 6.8. Any shareholder of the Company may request the Company to inform them of whether or not (and for what reasons) they have been listed as Eligibles.
- 6.9. The Company will answer such request filed as set out in clause 6.8. above within seven (7) business days following its receipt and send the answer to the shareholder using their postal address unless the shareholder has requested otherwise.

7. PAYOUT PROCEDURE, METHODS AND TERM

- 7.1. Payouts will be cash payouts unless otherwise decided by the General Meeting. The payout will be less applicable taxes.
- 7.2. Payout to the nominee holders or trustees who are securities market professionals will be made within ten (10) or less business days from the List of Eligibles date, and payout to other registered persons will be made within twenty-five (25) business days after such date. Payouts may occur within shorter timeframes when so decided by the General Meeting.
- 7.3. The cash dividends will wire transferred by the Company. Alternative, the Company may instruct the Registrar or a bank (lending agency) to wire transfer such cash dividends to payees.
- 7.4. Cash dividends payable to the registered individuals will be transferred to their bank accounts or dedicated financial platform accounts opened in accordance with the Russian Federal Law titled *Making Financial Transactions Using Financial Platforms* communicated to the Registrar. If such bank or dedicated accounts have not been communicated to the Registrar, the latter will arrange for the dividends to be remitted by post. In case of other registered persons, dividends will be paid to their bank accounts.

The registered Eligibles will receive their cash dividends subject to the procedure specified in the Russian securities laws. If a nominee holder has received cash dividends, but has failed to transfer them to the beneficiary as required by the Russian securities laws for reasons beyond their control, such nominee holder will return such dividends to the Company within one (1) month from the payout end date.

The eligible persons who failed to receive the declared dividends due to the Company’s or Registrar’s not being communicated/not having the accurate/necessary location/ mailing and/or bank details or due to any other failure on the part of the payer (to make a timely transfer), may request such dividends (“unclaimed dividends”) to be paid out to them within three (3) years following the respective dividend decision.

If unclaimed dividends are not claimed within such three-year term, it may not be reinstated except for cases where an eligible person was forced or threatened into not claiming the dividend.

After the expiration of the above three-year term, the unclaimed declared dividends will be reversed as the Company’s retained earnings, and the Company will not be obliged to make the payout.

- 7.5. The Company will pay out the declared dividends before the payout end date.
- 7.6. No interest will accrue on the unclaimed dividends.
- 7.7. In case of the persons specified in the first paragraph of Clause 4.4. above, the Company will be considered to have made the payout once the cash to be transferred has been accepted by the federal post agency or received by a bank (lending agency) that is the eligible person’s account bank, and if the eligible person is a bank (lending agency), when the payout has been transferred to its account.
- 7.8. A shareholder may at any time make changes to the registered holder information form, specifically, they may choose another payout method option and/or change their mailing address and bank details by submitting the updated shareholder/registered person’s information form to the Registrar with the instructions to change their details as specified. The Company may not be held liable for the losses incurred by a shareholder in connection with payout made using the details specified in the List of Eligibles.

8. TAXES

- 8.1. Dividend payouts are taxable under the effective Russian law.
- 8.2. A dividend will be declared inclusive of the taxes applicable under the Russian law. Such taxes will be withheld/paid to the revenue by the tax agent as prescribed by the Russian tax laws.

The Company will act as a tax agent in case of registered shareholders. In case of nominee holders or trustees who are securities market professionals, such nominee holders or trustees will themselves be their tax agents under respective agreements.

- 8.3. If a shareholder is entitled to any tax benefits, such shareholder may submit the proof of such benefits to their tax agent before the dividend decision is made by the General Meeting.

9. DISCLOSURES ABOUT DIVIDEND POLICY AND PAYOUTS

- 9.1. The Company will make sure that this Dividend Policy and any changes and amendments hereto are always posted on the Company website at: www.rosseti-lenenergo.ru
- 9.2. The information about payouts and dividend size, and about payout terms, options and methods will be disclosed as prescribed by the effective Russian law.
- 9.3. The discussion materials provided to shareholders for them to take the dividend decision will contain:
 - rationale for the proposed net profit allocation and apportionment including the dividend allocations and allocating funds to finance own operations and opinion

about whether or not and to what extent it meets the Company’s dividend policy, together with explanations, notes and feasibility analysis proving why a certain portion of the net profit needs to be used to finance the company’s own business

- detailed information about how the preferred dividend was calculated (if the Company has the guidelines for calculating dividend on this particular type of preferred stock)
- information about corporate actions hurting the shareholders’ dividend rights and diluting their shares, and about court judgments finding that shareholders earned profit from the company other than dividend or their share of liquidation value.

10. DIVIDEND RESPONSIBILITIES

- 10.1. The Company will pay out dividends in the amount and within the term decided by the General Meeting based on the Company Articles of Association. If the Company fails to carry out its dividend responsibilities, its shareholders may enforce the declared payout in court.
- 10.2. The Company will not be held liable for a failure to pay out dividend if the Company’s Shareholder Register fails to contain the complete and accurate information about the registered person that are required for the payout to be made.

11. FINAL PROVISIONS

- 11.1. To the extent not covered by the effective Russian laws, Company Articles of Association and this Policy, matters related to dividend payout by the Company will be resolved so that the Shareholders’ rights are exercised and their legal interests are protected.
- 11.2. This Policy may be amended if so decided by the Board as prescribed by the effective law, and the Company Articles of Association and internal documents.
- 11.3. If any provisions of this Policy are in conflict with the Russian law due to change in law, such provisions, such provisions will become void and the Company will be governed by the requirements of the Russian law until this Policy has been amended.

“Rosseti Lenenergo”, PJSC

Dividend Calculation Guidelines

1. Year’s Dividend

The portion of a year’s profit allocated as dividend may not be less than the greater of the below values calculated using the following formula:

$$\mathbf{DIV} = \mathbf{max} \{ \mathbf{DIV1}; \mathbf{DIV2} \} - \mathbf{DIV}_{\mathbf{INT}} \text{ (1)},$$

where:

DIV is a total portion of the net profit allocated as common and preferred dividend; and

DIV_{INT} is the amount of the dividend for the first quarter, six months and nine months of a given year, calculated as described in Section 2 of these Guidelines.

The above formula’s components are calculated as follows:

$$\mathbf{DIV1} = \mathbf{k} \cdot \mathbf{NP1}_{\mathbf{ADJ}} \text{ (2)},$$

where:

k is a dividend amount as percentage of the adjusted RAS net profit (**NP1_{ADJ}**). **k** = 50%; and

NP1_{ADJ} is the company’s RAS net profit adjusted as follows:

$$\mathbf{NP1}_{\mathbf{ADJ}} = \mathbf{NP}_{\mathbf{RAS}} - \mathbf{IREV} + \mathbf{CREV} - \mathbf{IAEDP} - \mathbf{NPGCON} + \mathbf{PGCONSERV} \text{ (3)},$$

where:

NP_{ADJ} is the company’s RAS net profit (Profit and Loss Statement, Line 2400) excluding:

IREV: gains from revaluation of the companies’ outstanding stock and respective income tax (Other Profits and Losses (Form 5.11), Line 8020);

CREV: expenses due to revaluation of the companies’ outstanding stock and respective income tax (Other Profits and Losses (Form 5.11), Line 8124);

IAEDP: actual investments financed out of the net electricity distribution/transmission profits capped to the limit prescribed by the Investment Program approved by the Ministry of Energy of the Russian Federation (Business Plan Implementation Report, Section 6 (Investment Program), Form II (Investment Program Financing Sources), Line 1.1.1., the latter limit capped to the value set in the Investment Program Financing Sources, Section 3 (Investment Program Targets form (annex to the Ministry of Energy Order concerning the Approval of the “Rosseti Lenenergo”, PSJC Investment Program for the Prospective Period Covered), Item 1.1.1.1); and

NPGCON: net profit from grid connection operations (Business Plan Implementation Report, Section 8 (Profit and Loss Statement), Line 14.2);

PGCONSERV: proceeds from the grid connection services less VAT¹ (Business Plan Implementation Report, Section 11 (Cash Flow Statement), Line 1.1.2) capped to the net profit from grid connection operations².

$$\mathbf{DIV2} = \mathbf{min} (\mathbf{k} \cdot \mathbf{NP2_{ADJ}}; \mathbf{NP_{RAS}} - \mathbf{I_{REV}} + \mathbf{C_{REV}} - \mathbf{R_{RUS}}) (4),$$

where:

k is a dividend amount as percentage of the adjusted RAS net profit (**NP1_{ADJ}**). **k** = 50%;

R_{RUS} is appropriation to reserves and/or provisions as prescribed by the Company Articles of Association; and

NP2_{ADJ} is the company’s RAS net profit adjusted as follows:

$$\mathbf{NP2_{ADJ}} = \mathbf{NP_{IFRS}} - \mathbf{I_{AEDP}} - \mathbf{NP_{GCON}} - \mathbf{A_{RAS/IFRS}} + \mathbf{NP_{GCON}} + \mathbf{PGCONSERV} (5)$$

where:

NP_{IFRS} is the company’s IFRS net profit as per Consolidated Profit and Loss Statement (Profit for the Year line);

I_{AEDP}: actual RAS investments financed out of the net electricity distribution/transmission profits capped to the limit prescribed by the Investment Program approved by the Ministry of Energy of the Russian Federation (Business Plan Implementation Report, Section 6 (Investment Program), Form II (Investment Program Financing Sources), Line 1.1.1., the latter limit capped to the value set in the Investment Program Financing Sources, Section 3 (Investment Program Targets form (annex to the Ministry of Energy Order concerning the Approval of the “Rosseti Lenenergo”, PSJC Investment Program for the Prospective Period Covered), Item 1.1.1.1, including the investments by the electricity distribution/transmission subsidiaries);

A_{RAS/IFRS}: the positive difference between the RAS amortization of fixed assets and intangibles used to finance the investment program (Business Plan Implementation Report, Section 6 (Investment Program, including the electricity distribution/transmission subsidiaries), Form II (Investment Program Financing Sources), Line 1.2) and the IFRS amortization of fixed assets and intangibles (Notes to the Consolidated Financial Statements, Operating Expenses).

NP_{GCON}: net profit from grid connection operations (Business Plan Implementation Report, Section 8 (Profit and Loss Statement), Line 14.2);

PGCONSERV: RAS proceeds from the grid connection services less VAT¹ (Business Plan Implementation Report, Section 11 (Cash Flow Statement), Line 1.1.2) capped to the net profit from grid connection operations².

¹ For the purposes of calculating dividend payouts, cash from subsidiaries is not included since it is not added to the Group’s cash flow.

² In case of grid connection contracts with paid installment plans, the net profit from the grid connection operations will not be capped.

2. Dividends for the First Quarter, Six Months or Nine Months³

Interim dividend formula:

$$\mathbf{DIV}_{\text{INT}}(\mathbf{i}) = \mathbf{k} \cdot \mathbf{NP}_{\text{ADJ}}(\mathbf{i}) \text{ (6),}$$

provided that:

$$\sum_{\mathbf{i}=1}^{\mathbf{E}} \mathbf{DIV}_{\text{INT}}(\mathbf{i}) \leq 25\% \cdot \mathbf{DIV}_{\text{Y(BP)}} \text{ (7),}$$

where:

k is a dividend amount as percentage of the below adjusted RAS net profit (\mathbf{NP}_{ADJ}). $k = 50\%$;

i is a given reporting period (Q1, six months or nine months);

$\mathbf{DIV}_{\text{INT}}(\mathbf{i})$ is the dividend for the given reporting period; and

$\mathbf{DIV}_{\text{Y(BP)}}$ is the total annual dividends planned to be paid out under the Company Business Plan for the given year approved by the Company Board of Directors (Company Business Plan, Section 8 (Profit and Loss Statement), Line 15.2

$\mathbf{NP}_{\text{ADJ}}(\mathbf{i})$ is the RAS net profit calculated as follows[^]

$$\mathbf{NP}_{\text{ADJ}}(\mathbf{i}) = \mathbf{NP} - \mathbf{IREV} + \mathbf{CREV} - \mathbf{IAEDP} - \mathbf{NPGCON} \text{ (8),}$$

where:

NP is the company's RAS net profit (Profit and Loss Statement, Line 2400);

IREV: gains from revaluation of the companies' outstanding stock and respective income tax (Other Profits and Losses (Form 5.11), Line 8020);

CREV: expenses due to revaluation of the companies' outstanding stock and respective income tax (Other Profits and Losses (Form 5.11), Line 8124);

IAEDP: actual RAS investments financed out of the net electricity distribution/transmission profits (Business Plan Implementation Report, Section 6 (Investment Program), Form II (Investment Program Financing Sources), Line 1.1.1.); and

NPGCON: net profit from grid connection operations (Business Plan Implementation Report, Section 8 (Profit and Loss Statement), Line 14.2).

³ Any interim dividend will be calculated subject to Clause 3.6 above. Also, total amount of interim dividends will not be more than twenty-five percent of the amount of the annual dividend planned to be paid out under the under the Company Business Plan for the given year approved by the Company Board of Directors.